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ABSTRACT

This report describes the effects that President Reagan's proposed budget cuts will have on New York City. The report lists each affected program, the proposed cuts, Senate action, the House Budget Committee recommendation, and the impact on New York City. Areas covered by the program cuts reviewed include: (1) employment: (2) income security: (3) education: (4) health and nutrition: (5) social services: (6) housing: (7) community development: (8) transportation: and (9) legal services. (APM)

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STATUS REPORT

ON

THE IMPACT ON NEW YORK CITY

OF

PRESIDENT REAGAN'S PROPOSED BUDGET CUTS

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April 28, 1981

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FOREWORD

The Community Service Society has prepared the attached status report as part of its ongoing review of the budget cuts proposed by President Reagan in the human services. As the material details, the construction of this Federal Budget is an extreme complex procedure. The Senate has adopted a budget resolution which instructs authorizing and appropriations committees to make cuts in current programs almost identical to the reductions requested by the President. The committees can reallocate funds for specific programs but must remain within the overall budget limits.

The House has not voted on an overall budget resolution. The House Budget Committee has made specific recommendations which would alter the Reagan-Senate program in several key regards. Once both Houses have adopted firm budget resolutions, a joint Senate-House conference committee will be convened to reconcile differences. Then both Houses will vote on that "reconciled" budget.

Clearly this process still leaves many opportunities for community groups and individual citizens to contact their elected officials and to inform them of opposition to cuts in specific programs. If you or your organization need additional copies of this document, please call the Community Service Society at 254-8900, Ext. 224.

<u>PROGRAM</u>	<u>PROPOSED REAGAN CUTS</u>	<u>SENATE ACTION</u>	<u>HOUSE BUDGET COMMITTEE RECOMMENDATION</u>	<u>IMPACT ON NEW YORK CITY</u>
<u>EMPLOYMENT</u>				
Comprehensive Employment & Training Act (CETA) (All titles except Title IV).	Reduce funding for Public Service Employment by \$600 million for FY 81 and eliminate program of \$3.6 billion for FY 1982.	Accepted President Reagan's recommendations.	Accepted President Reagan's recommendations.	11,500 jobs would be eliminated.
CETA Title IV.	Consolidate Title IV with Title II into one block grant, resulting in a reduction of \$727 million for Fiscal Year 1982	Increase of \$300 million for Title II block grant for Fiscal Year 1982.	Increase of \$600 million for Title II block grant for Fiscal Year 1982	Net loss of \$27.5 million in youth employment programs - 6,400 slots for youths in Reagan proposal if 45% of Title II's proposed \$300 and \$600 million increase is set aside for youth programs, the net loss to New York City youth employment programs under the Senate proposal would be \$22.5 and \$16.5 million under House Budget Committee recommendations.

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<u>INCOME SECURITY</u>				
Aid to Families With Dependent Children (AFDC)	Reduce payments to families by \$1.2 bil- lion through counting Earned Income Tax Credit as earned income, capped work expenses, elimination of work dis- regard after 4 months, tightened eligibility requirements (includ- ing cap at 150% of state's need standard and cut-off at age 18 except for high school students), counting in- come of all household members, retrospective accounting, no payments under \$10, lower federal share of administrative training costs, mandatory workfare, and changes in Child Support Enforce- ment program.	The Senate supported the Reagan cuts.	House Budget Committee voted for \$.5 billion in cuts through EITC as earned income, standardiz- ing work expenses, counting stepparents' income, and changes in Child Support Enforcement program.	Approximately 10% of caseload (25,000 families) would have benefits re- duced or eliminated under Reagan & Senate funding cuts; additional thousands of families would be affected by imposition of mandatory workfare program. House cuts would be less drastic, but would still penalize working AFDC reci- pients & endanger children with non-contributing step- parents at home.

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<u>EDUCATION</u>				
Title I of the Elementary and Secondary Education Act (ESEA-Grants for the Disadvantaged), Education for the Handicapped, Adult Education, School Improvement	Consolidate into one block grant. Reduce overall funding for Fiscal Year 1981 by 25%.	Accepted most of the Reagan proposals for a 25% cut in education programs but recommended restoration of an additional \$345 million in funds for programs for the disadvantaged and the handicapped.	The House Budget Committee asked for a 10% cut in education programs for Fiscal Year 1982. It did not ask for rescissions in education programs in the Fiscal Year 1981 budget.	Under the Reagan proposal, most New York City public school children who are poor, minority and economically and/or educationally disadvantaged, would suffer a sharp reduction in the quality, quantity and diversity of education services in the public schools.
Bilingual Programs	Reduce funding for Fiscal Year 1981 by 25%.			They would fare a little better in 1981 with the Senate Recommendations.
Vocational Education.	Reduce funding for Fiscal Year 1981 by 25% and Fiscal Year 1982 by 20%.			It is estimated that New York City would receive considerably more under the House Budget Committee proposal for 1982.
Impact Aid	Reduce payments for Fiscal Year 1981 by 10%. Restrict program benefits in Fiscal Year 1982 to school districts where 20% or more of the students are from families who live and work on government property.			

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<u>HEALTH AND NUTRITION</u>				
<u>Medicaid</u>	Reduce FY 1981 spending by \$100 million. For FY 1982, spending would be limited to a five percent increase over 1981, a \$1 billion reduction.	Supported the cuts proposed by Reagan for FY 1982	Called for a FY 1982 spending ceiling of \$17.8 billion (\$0.6 billion above the Reagan/Senate ceiling).	Under the Reagan/Senate version, NYC would lose \$104 million in FY 1982. Under the House Budget ceiling, NYC would lose \$42 million. Either the city and state would make up the loss of federal dollars (which seems unlikely) or they would reduce eligibility, benefits and/or reimbursement rates.
<u>Health Services Block Grant</u> (Fifteen programs, including Community Health Centers, Maternal and Child Health, Mental Health Services, Alcoholic and Drug Abuse Services and Emergency Medical Services) and <u>Preventive Health Services Block Grant</u> (Eleven programs, including Immunization, Family Planning, Adolescent Health Services, Lead-based Paint Poisoning Prevention, and Venereal Disease).	Consolidates 26 health programs into two block grants; reduces FY 1982 funding by 25% of total FY 1981 funding of these programs; freezes future funding at this level.	Supported the Reagan cuts for FY 1982.	Called for restoring part of the proposed cuts for FY 1982.	Services would be reduced and some facilities would have to close, even with the partial restoration of funds by the House Budget Committee. These programs serve the poor; those that would be hardest hit are those with no Medicaid, Medicare or other third-party payor.

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<u>HEALTH AND NUTRITION</u> Continued <u>Food Stamps</u>	Reduce FY 1981 spending by \$150 million. Reduce FY 1982 spending by \$1.8 billion.	Supported the cuts proposed by Reagan for FY 1982.	Called for a reduction of \$1.15 billion in the 1982 budget (\$650 million more than the Reagan/Senate ceiling). Rejected the Reagan/Senate proposal to deduct the value of school lunches from food stamp allotments.	NYC would lose more than \$100 million under the Reagan/Senate proposal in FY 1982 and somewhat less under the House Budget Committee proposal. Under all proposals, 48,000 of the currently eligible persons would become ineligible-most would be the working poor and elderly.
<u>Child Nutrition</u> (School Food Programs)	Reduce FY 1981 spending by \$42 million. Reduce FY 1982 spending by \$1.575 billion.	Senate called for restoring \$300 million of the Reagan cuts for FY 1982.	Voted a reduction of \$1 billion in FY 1982, (\$0.575 billion more than the Reagan proposal and \$0.375 more than Senate proposal). Recommended a three-year phase-out of the subsidy for middle and upper-income children instead of an immediate elimination.	The price of school meals would increase. If students who buy lunch drop out and schools cease to run the program, then needy children receiving free meals might have no program. Impact would be less severe under the Senate and House Budget Committee versions and more gradual impact under the House version.
<u>WIC (Supplemental Food Programs for Women, Infants and Children)</u>	Reduce FY 1982 spending by 30 percent.	Senate rejected cuts proposed by Reagan for FY 1982.	Rejected all cuts in WIC program.	Reagan proposal would result in loss of \$13 million to NYC. Fewer women and children would be served. More women would receive benefits later in pregnancy when benefits are less effective.

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<u>SOCIAL SERVICES</u>				
Grants to States for Services (Title XX)	Consolidate into a more comprehensive block grant. Reduce overall funding by 25%.	The Senate supported the Reagan cuts.	House Budget Committee assumed \$2.6 billion in Title XX funding (down 10% from \$2.9 billion in Fiscal Year 1981) and left block grant issue to the legislative committees.	Reagan and Senate cuts would result in a \$40-\$50 million cut in Title XX services to needy young and elderly persons; up to 100 day care centers and nearly 50 senior citizen centers would have to close. House cuts are less drastic, but services would still be lost and centers closed.
Adoption Assistance and Child Welfare	Proposes to consolidate Title XX and other categorical programs into a social services block grant to states. Funding for all programs in the grant would be cut 25% from Fiscal Year 1981 levels.	The Senate supported the Reagan proposal.	House recommended a 12% reduction in funding from the 1981 level instead of the 25% proposed by Reagan. The House recommendation assumes a funding level of \$4.40 billion for social services programs as opposed to \$3.8 billion proposed by Reagan.	Day care, services to prevent child placement and adoption assistance services would be severely cut under the Reagan/Senate proposals. Cuts would be less severe under the House budget recommendation.

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<u>SOCIAL SERVICES</u> Continued				
Social Services for Older Americans	Reduces by \$24 million funding for Fiscal Year 1981 levels. The Administration proposes the elimination of a \$33 million cost-of- living increase in nutrition programs and an additional \$10 mil- lion for social ser- vices be rescinded.	The Senate supported the Reagan proposals.	Reduce funding by 10% instead of the 25% pro- posed by the Reagan Administration.	Compared to proposed Reagan cuts in other programs, funding for the Older Americans Act would suffer no sharp reductions. Nutrition programs and social services pro- vided under Title III-b to minority and frail elderly, would be cut. Less cuts would be effected under the House proposal.

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<u>HOUSING</u>				
Section 8 (Rental Housing Subsidies)	Increase rent contri- butions for Section 8 tenants from 25% to 30% of income over a five-year period.	Supported Reagan proposal.		150,000 persons in federally subsidized housing would have their rent increased.
	Reduce availability of additional subsidized rental units from 260,000 units to 175,000 units for FY '82.	Suggested further reduction to 150,000 units.	Increased funding to 250,000 units.	Reagan proposal would reduce by 1/3 new subsidized units to 12,000. House proposal would increase new subsidized units to 20,000 units.
Government National Mortgage Association (Ginny Mae Tandem Financing)	Provides \$3.6 billion appropriation in FY '82 to fund programs already planned or underway. Abolish program in FY '83.	Supported Reagan proposal.	Provided \$2.0 billion appropriation in FY '82. Assumed continuation of program in FY 1983 at current base levels.	House action would insure continued financing mecha- nism for new and substanti- ally rehabilitated housing for low income people.
Rehabilitation Loan Fund (Section 312)	Rescind FY 1981 appro- priations of \$130 million. Abolish program in FY 1982.	Supported Reagan proposal.		Would rescind FY 1981 funds, causing loss of \$2.8 million to New York City. Would result in loss of \$5.5 million in FY 1982 for housing rehabilitation loans.

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<u>COMMUNITY DEVELOPMENT</u>				
National Consumer Co-operative Bank	Reduce FY 1981 allocation from \$136 million to \$54 million. Abolish program in FY 1982.	Supported Reagan proposal.	Appropriations Subcommittee did not approve rescission for FY 1981. Called for \$86 million funding for FY 1982: Assumed continued funding in FY 1983.	House action would maintain source of funding for low-income co-operatives. By disapproving FY 1981 rescission House action could save \$20 million in anticipated financing.
Urban Development Action Grants (UDAG)	Eliminate as separate program. To be consolidated into Community Development Block Grants (CDBG)	Cut an unspecified additional \$300 million in UDAG and/or CDBG.	Separately funded program at \$500 million for FY 1982.	House action would preserve separate UDAG program. Would permit continuation of leveraging private money for economic development. Pending approval of \$54 million in future grants might be granted.
Economic Development Administration (EDA)	Reduces FY 1981 budget by \$342 million. Eliminate EDA programs for FY 1982	Supported Reagan proposal.	Appropriations Subcommittee approved rescission of \$162 million in FY 1981 Assumed funding of \$350 million for FY 1982.	House action would preserve EDA, and an important source for economic development money could continue.
Community Development Block Grants (CDBG)	Reduce funding by 10% to \$3.3 billion (including \$500 million for UDAG-style program)	Cut unspecified additional \$300 million in UDAG and/or CDBG	Separately funded program at \$3.7 billion for FY '82	Senate action would increase losses for next year's Community Development Budget.

House action would put less pressure on competing uses of Community Development Budget. Might put less

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COMMUNITY DEVELOPMENT continued				pressure on cutting back CD budget.
<u>TRANSPORTATION</u>				
Urban Mass Transit Assistance (UMTA)	Phase out over a five-year period Federal subsidy for mass transit operating expenses.	Accepted Reagan proposal.	Accepted 1982 FY fund- ing levels. Called for \$370 mil- lion additional funding for FY 1983 Called for \$740 million additional funding for FY 1984.	Reagan proposal would not cut funding for FY 1982. Would result in \$41 million loss in FY 1983, and \$81 million loss in FY 1984, increasing pressure for higher fares. House proposal would restore amount of operating assist- ance to current base levels. This would decrease pressure for larger fare increases.

PROGRAM

JUSTICE

Legal Services
Corporation

PROPOSED REAGAN CUTS

Eliminate funding.

The Administration suggests that States would have the option of financing legal services from general social services block grant monies...while proposing no federal dollars for legal services and reducing funds for all other social services.

SENATE ACTION

The Senate supported the Administration proposal - elimination of all federal funding.

HOUSE BUDGET COMMITTEE
RECOMMENDATION

The House restored \$200 million for the Legal Services Corporation. Current FY 1981 Budget is \$321.3 million.

IMPACT ON NEW YORK CITY

Under the Reagan proposal, legal services for 50,000 poor persons in New York City would be almost wiped out. A one-third reduction of federal funds would significantly diminish such services for the poor.